

August 1, 2003

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
Commonwealth of Massachusetts  
One South Station  
Boston, MA 02110

**Re: D.T.E. 03-24 – E911 Rules and Regulations**

Dear Secretary Cottrell:

In accordance with the Department's order in D.T.E. 03-24A and 220 CMR 16.05, Verizon Massachusetts ("Verizon MA") submits this report on: 1) surcharge amounts collected and submitted to the Statewide Emergency Telecommunications Board ("SETB") for the 12 months ended June 30, 2003; and 2) the status of the pre-existing deficit under the previous statutory funding mechanism for the sixth-month period ending June 30, 2003.

Regarding the first matter, Verizon MA did not collect any surcharge amounts during the period ending June 30, 2003, since the E911 surcharge will not be implemented until September 1, 2003.

As to the pre-existing deficit, as shown on Attachment A, the deficit as of June 30, 2003, was approximately \$40.8 million. This amount is based on the deficit as of December 31, 2002, as reported in Verizon MA's latest Annual Tracking Report, together with six months of undepreciated capital expenditures (as described in Line 15 of Attachment A to Verizon MA and SETB's Interim Surcharge Proposal). In addition, it includes a reduction for Residence Directory Assistance revenues collected from January 2003 through June 2003 as well as an offset for amounts collected from certain CLECs during the same period from E911/Disability Access backbilling.

Finally, in Attachment A, Verizon MA reduces the interest rate from 4.17%, as estimated in the Interim Surcharge Proposal filed in D.T.E. 03-63, to 3.75%. This is consistent with the methodology used in Verizon MA's Annual Tracking Reports filed in

D.T.E. 91-68, in which interest equivalent to the prime rate less 50 basis points is applied.

If you have any questions, please call me.

Sincerely,

John L. Conroy

cc: Michael Isenberg Esq.

April Mulqueen Esq.

D.T.E. 03-24A and D.T.E. 03-63 Service Lists (electronically)